RESEARCH HIGHLIGHT

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STRATEGIES TO PRESERVE THE EXISTING RENTAL HOUSING STOCK IN GREATER VANCOUVER

INTRODUCTION

The purpose of this study is to identify and consider a variety of tools that could be used to preserve the existing rental housing stock, and determine which of them could have the most potential for preserving the rental housing stock in Greater Vancouver.

There is a growing recognition of the need to preserve the existing rental housing stock in Greater Vancouver as this stock has a critical role to play in addressing the need for affordable housing. It is also recognized that preservation of the existing rental housing stock will become more of an issue in the future as this stock continues to age, and the economy improves and creates increased pressure for redevelopment.

While there has been some recent activity in the construction of new rental housing in Greater Vancouver, most of the units being developed are high-end rental. In this context, and given the insufficient development of new social housing, the preservation of the existing affordable housing stock is critically important.

METHODOLOGY

Several steps were involved in completing this research. These included:

- a focused literature search to identify tools and initiatives in the United States and Canada that are used to preserve the existing rental housing stock;
- key informant interviews with local government staff in the U.S. (San Francisco, San Diego, Seattle and Portland) to follow-up on initiatives identified in the literature review;
- key informant interviews with municipal planners and inspectors from six cities in Greater Vancouver, individuals from three different companies that own and manage rental housing, the B.C. Apartment Owners and Managers Association, and B.C. Housing;
- a workshop with stakeholders in Greater Vancouver, including approximately 25 representatives of local government, the B.C. government, CMHC, the private sector and community groups.

LIMITATIONS OF THE STUDY

In reading this report, it should be recognized that much of the information was obtained from interviews and a workshop with a limited number of individuals. This was not a quantitative research project and did not involve the collection of data from a large, random sample that could be considered to be representative of the larger population. Therefore, the opinions expressed should not be interpreted as being representative of all local governments, landlords, community groups, or others interested in rental housing. The information from the participants in this study reflects their observations and opinions, which may differ from other professionals or experts who did not participate. The recommendations in this report, while based on the literature review, key informant interviews, and the workshop with stakeholders, reflect the views of the research team.

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KEY FINDINGS-TOOLS TO PRESERVE THE EXISTING RENTAL HOUSING STOCK IN GREATER VANCOUVER

This report identifies a variety of tools in B.C., other parts of Canada and the United States that could be used to preserve the existing rental housing stock in Greater Vancouver. These include:

Planning and Policy

Policy and planning tools can be used to guide decision-making at the local level. For example, statements in Official Community Plans, housing plans, social plans and/or neighborhood plans, can provide clear direction to help preserve the existing rental housing stock. Monitoring the existing stock can also provide a context for planning and developing appropriate policies to preserve the existing rental housing stock.

Standards of Maintenance Bylaws

Standards of maintenance bylaws provide a useful tool for local governments to order repairs to rental housing. The municipal planners and inspectors noted most of the rental housing stock is well maintained, and problems that do arise are usually cleared up fairly quickly. On the other hand, it was noted that there are still a number of problem landlords linked with problem buildings, and when it is necessary to take steps to enforce existing bylaws, the process can be slow. In addition, the focus of maintenance bylaws is limited to ensuring that only minimum standards are maintained, and not all municipalities have standards of maintenance bylaws.

Several suggestions were made to improve the effectiveness of these standards of maintenance bylaws. These included proposed amendments to current legislation to give municipalities more tools and resources for enforcement, increased education regarding maintenance, and incentives for landlords to properly maintain their buildings such as increased fines for non-compliance, higher taxation rates for derelict buildings, and extra charges for buildings with above average demands on municipal services.

Conversion Control

Conversion controls are generally seen as an effective tool to prevent or regulate the conversion of rental housing to other uses (e.g. conversion of rental to ownership or commercial). In most municipalities, few conversions have been permitted.

When canvassed about giving local governments the ability to require landlords/owners to provide replacement housing, or a fee-in-lieu as a condition for permitting conversions, the planners provided a mixed response. Some saw it as an interesting option, while others raised some concerns about how to deal with tenants if conversions are permitted, and how to determine an appropriate fee as a condition for permitting a conversion. The question was also raised as to whether providing replacement units should be a landlord's responsibility.

Demolition Policies

Among the municipal representatives that participated in the interviews, those with demolition policies view them as effective, although some feel they could be more of a deterrent if fees charged were higher. However, concern was expressed that prohibiting demolitions could be counter-productive since many newly constructed condominium units are ultimately rented. Uncertainty about the authority of municipalities under the Local Government Act to prevent demolition of rental housing was also noted as a concern.

When asked what they thought about giving local governments the ability to require landlords/owners to provide replacement housing or a fee-in-lieu as a condition for permitting demolition, some municipal planners saw this as a somewhat interesting option, but again, infringement on the rights of private landowners was noted as a concern.

Zoning: regulations and incentives

Participants in this study expressed support for zoning mechanisms as a way to preserve the existing rental housing stock and to create new supply. Maintaining low density zoning on a consistent basis in multiple residential areas was noted as one way to discourage rezoning requests.

Government Programs

Federal government programs were identified as an effective and efficient way to promote the rehabilitation of existing rental housing, either through grants or loans. Support was expressed for programs that could provide funds for landlords to bring their units up to minimum levels of health and safety [e.g. the Residential Rehabilitation Assistance Program (RRAP)], and enable municipalities and non-profit housing societies to acquire and rehabilitate the existing rental housing stock. The Affordable Housing Initiative, while recognized as being a potential tool for the rehabilitation of the housing stock, is currently targeted to creating new, affordable, assisted living units for seniors.

Tax Incentives

Landlords and several other participants expressed support for changes to the federal tax system that would create a climate of investment in rental housing. Others expressed a need for further research to consider the implications.

Some landlords believe that if the government provided for less onerous taxation of the industry, the private sector would create more rental housing. They further believe that a sufficient supply of rental housing would encourage landlords to maintain their units to compete on the market. Support was expressed for changes to permit the deferral of capital gains tax and recapture of CCA upon reinvestment in rental housing, and also to allow small landlords to qualify as a small business for the purposes of obtaining the small business corporate tax rate.

On the other hand, concerns were expressed that there is no guarantee changes to the tax system will result in more supply or greater maintenance of the existing rental housing. In addition, tax incentives are less efficient than direct expenditure programs and governments are less able to control who benefits.

Financing Tools

The participants in this study expressed interest in several financing tools used in markets comparable to the Greater Vancouver area. These included:

- a housing levy similar to that used in the City of Seattle;
- the U.S. Low Income Housing Tax Credit program, or a similar type of program modified for the Canadian market;
- direct government lending; and
- enabling legislation to give municipalities the option to charge Development Cost Levies to address rental housing issues.

Acquisition and rehabilitation by municipalities and non-profit housing organizations

The participants in this study expressed support for the acquisition and rehabilitation of existing rental housing by municipalities and non-profit societies as a way to preserve this stock. One of the benefits of this approach is that if there is potential for redevelopment, the benefits of increased density in the future could flow to the public (e.g. municipality or non-profit society) rather than a private owner.

On the other hand, concern was expressed as to whether this approach makes sense if a rental building is not facing an immediate threat of being lost through conversion or demolition. It was noted that this can be an expensive undertaking because if a government body or non-profit agency buys an existing rental building, the expectation is that the building will be brought up to a certain standard. This costs money, and if the purchaser needs to recover the cost through rent increases, this can create problems for the existing tenants.

Education and Information

This report recommends that additional resources be allocated to educate both property owners and tenants about their rights and/or responsibilities to promote a proactive approach to property maintenance.

RECOMMENDATION

In order to preserve rental housing in Greater Vancouver, this report recommends that all the tools identified in this study be considered as part of a comprehensive strategy to promote maintenance and the preservation of the rental housing stock. It is further recommended that all levels of government, the private sector and community agencies work together to implement a coordinated strategy to preserve this stock.

CMHC Project Manager: Tan Crombie

Research Consultants: Tenants Rights Action Coalition

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www.cmhc.ca

or contact:

Canada Mortgage and Housing Corporation
700 Montreal Road
Ottawa, Ontario
K1A 0P7

Phone: 1 800 668-2642
Fax: 1 800 245-9274

OUR WEB SITE ADDRESS: www.cmhc.ca

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